

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
AUGUST 20, 2012**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, August 20, 2012.

The meeting was called to order by Chairman Wayne Schuetter.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Wayne Schuetter – Chairman
Mike Harder – Secretary
Doug Schulte – Water Commissioner
Greg A. Krodel – Gas Commissioner
Ken Sendelweck – Electric Commissioner
Alex Emmons – Wastewater Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Mike Oeding – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Bud Hauersperger – General Manager
Ashley Kiefer – Office Manager
Renee Kabrick – City Attorney

ABSENT:

Rick Stradtner – Vice Chairman

PLEDGE OF ALLEGIANCE (DVD-00:41)

Chairman Wayne Schuetter led the Pledge of Allegiance.

APPROVAL OF MINUTES (DVD-01:04)

Chairman Wayne Schuetter presented the minutes of the July 16, 2012 Regular Meeting, July 26, 2012 Special Meeting, and the August 13, 2012 Special Meeting and there being no corrections or amendments, asked for a motion to approve the minutes. Doug Schulte made a motion to approve the minutes of the July and August meetings as presented. Greg Krodel seconded the motion. Motion approved, 6-0.

SERVICE & SOFTWARE AGREEMENT WITH C G GLOBAL (QEI) (DVD-01:46)

Jerry Schitter presented a service and software agreement on behalf of CG Global to the Board for the Electric Department's SCADA system. The service and software agreement price is \$6,847, which is the same as last year. The agreement runs from October 2012 thru October 2013. Schitter stated that last year CG Global provided three software upgrades and numerous service calls. It is very beneficial.

Ken Sendelweck made a motion to approve the service and software agreement with CG Global for \$6,847 for one year, October 2012 thru October 2013. Mike Harder seconded the motion. Motion approved, 6-0.

POWER OUTAGE (DVD-03:43)

Jerry Schitter explained that the power outage last week was caused by the stormy weather. A tree fell due to lightning from the storm and took a line down on Brosmer Street and locked the circuit up. Power was out for a couple of hours.

JASPER CLEAN ENERGY MONTHLY REPORT (DVD-04:57)

Bud Hauersperger explained the Jasper Clean Energy monthly report for July to the Board. Hauersperger stated that there had been no changes made from June's report. Jasper Clean Energy is still reviewing RFP's for power purchases.

RESOLUTION CONCERNING THE DISPOSAL / LEASE OF THE HEIDORN PROPERTY (DVD-05:43)

Bill Kaiser with Bingham, Greenbaum, and Doll spoke to the Board regarding Resolution USB 2012-13. Kaiser explained that the City of Jasper purchased the Heidorn Property in April 2012 and purchased it to be complimentary to the power plant project and the lease that it has with Jasper Clean Energy. There is a statutory process, section 36-1-11, which allows the City to lease the property. The Mayor of Jasper has to designate a body to hold a public hearing. The Mayor designated the Utility Service Board and a public hearing was held at 6:30PM this evening.

Kaiser informed the Board that the next step of the procedure is to discuss the potential to lease the property. Indiana Code 36-1-11-10 states that the real estate be appraised by two appraisers to determine the fair market value of the real estate and requires that the City accept the highest and best bid. Indiana Code 36-1-11-12 provides the City of Jasper with the ability to make the best decision for the ratepayers of the Jasper Municipal Electric Utility by sending out requests for proposals.

The Board discussed all possible options before deciding how to proceed. Board members felt that the alternative leasing option, which means having the City issue RFP's, may be the best way to proceed. It gives the City room to negotiate. Both Mayor Seitz and the Common Council have to agree on the procedure before additional steps are taken.

Ken Sendelweck made a motion to approve Resolution USB 2012-13, to use the alternate lease procedure set forth in Indiana code 36-1-11-12. Motion seconded by Alex Emmons. Motion approved, 6-0.

REQUESTS FOR PROPOSALS ON LEASE OF THE HEIDORN PROPERTY (DVD-19:21)

Chairman Schuetter stated that an Electric Committee meeting would have to be scheduled to get the Request for Proposals (RFP's) ready to send out for the Heidorn Property.

Mike Harder made a motion to approve that Requests for Proposals be sent out for the Heidorn Property via an Electric Committee meeting. Motion seconded by Doug Schulte. Motion approved, 6-0.

UPDATE ON LAWSUIT APPEAL – BILL KAISER (DVD-21:54)

Bill Kaiser informed the Board that the City's response brief to the appeal was filed August 7, 2012. Plaintiffs can file a reply by August 22, 2012. If the Appellate Court makes a decision on an oral argument it would be scheduled very quickly. Then the City will have to wait for the judges to make their decision. This could take several months. Once the judges' decision is made, the City will have the opportunity to proceed with the lease or go back to trial court, if remanded. Kaiser feels very confident in the reply brief that was filed and the City's actions in the Open Door Policy.

Kaiser explained that under the lease, any time after May 1st is considered a credit date toward the option payment. There is no option payment due until the litigation is resolved. Once the litigation is resolved option payments will begin soon after.

ELECTRIC PLANNING COMMITTEE REPORT (DVD-25:44)

Ken Sendelweck, Chairman of the Electric Planning Committee, stated the committee did not meet during the past month.

RECOMMENDATION ON BIDS FOR NORTH WATER TOWER PROJECT (DVD-25:55)

Derick Wigand with Midwestern Engineers informed the Board that five bids were received for the North Water Tower Project. There were also two alternates, one for a mixing system and another for a HydroFlon exterior finish. Utility Service Company, Inc. from Perry, GA had the low bid of \$287,500 for the project, \$62,200 for the mixing system, and \$17,400 for the HydroFlon exterior finish. They are a large national company and Midwestern has worked with them on numerous other projects.

Utility Service Company hires out subs to do the paint work on the project. The crew works better when supervised. Midwestern would be supervising the project. Midwestern recommends going with both alternates. The mixing system, which most new tanks have, keeps the water mixed evenly, which increases the quality of the drinking water and ensures that the oldest water in the tank gets used before the new. They also recommend the HydroFlon exterior finish paint. The paint will last up to ten years longer, reducing the frequency of painting the exterior of the tower, and in return saving the City money.

Midwestern Engineers recommends awarding the project to Utility Service Company, including both alternates for a total project cost of \$367,100. The Notice to Proceed could be given and work could start as early as the first part of September.

Mike Harder made a motion to approve the recommendations from Midwestern Engineers for the bids on the North Water Tower Project including the HydroFlon exterior paint for an additional \$17,400, the mixing system for an additional \$62,200, and the base bid for \$287,500, for a total price of \$367,100 to Utility Service Company, Inc. Doug Schulte seconded the motion. Motion approved, 6-0.

3RD AVENUE PROJECT UPDATE (DVD-44:20)

Derick Wigand, with Midwestern Engineers, informed the Board that Midwestern is in the process of preparing the plans for the 3rd Avenue project. The plans should be completed in October 2012. They are also working on a preliminary engineering report for the EDA grant application. Wigand informed the Board that the current agreement with the City does not include the cost for the preliminary engineering report. At the time of the original cost estimate, Midwestern did not know that the City was applying for the EDA grant. Paving was also not included in the original cost scope. Midwestern will prepare an amendment to the original agreement with the new cost estimates and have the City Attorney, Renee Kabrick, review it. The new project cost estimate, which includes the paving and the preliminary engineering, is \$1,596,000.

Lisa Gehlhausen, with Indiana Regional 15 Planning Commission, addressed the Board regarding the EDA grant available for the 3rd Avenue Project. The EDA application is due September 14, 2012. Gehlhausen explained that there are several pieces to put together before sending the application in. EDA has a program called Public Works, which is a 50% grant to 50% local shares. The grant would be in the amount of \$798,000. An environmental review, which has to be done in order to receive the grant, is in the process of being completed. The review has to be done by early September so the application is sent off in time. The City will have to sign a resolution committing to the local funds in the amount of \$798,000. The resolution is not ready for this meeting or Wednesday night's Common Council meeting. A Special meeting, possibly on September 10, 2012, will need to be held for permission to submit this grant and have it turned in by September 14, 2012, the application deadline.

The money for the grant is economic development money, therefore the City will have to show job creation or private investment along 3rd Avenue to be competitive for the grant funds. Mayor Seitz is meeting with commercial and industrial businesses to determine if anyone will commit to the private investment and job creation. This can include new jobs for existing businesses or new businesses. Mayor Seitz stated that response has been below average at this time and asked for assistance from Utility Board members. Another element is to show ownership to where the improvements are occurring. The improvements will be occurring in the right-of-way on public ownership. This can include new jobs for existing businesses or new businesses.

BEAVER LAKE DAM PROJECT (DVD-52:45)

Lisa Gehlhausen informed the Board that she has received the grant close-out package from EDA for the Beaver Lake Dam Project. There were two funding agencies on the Beaver Lake

Dam Project. OCRA which has an absolute close-out date of 1/31/13, so no funds will have to be paid back. A few trees need to be planted and some grass reseeding done before the project is complete, therefore there should be no problem finishing paperwork by the close-out date. EDA is holding back 10% or \$222,000 of the grant money until they receive the close-out documents for the project.

NORTHSIDE SEWER PROJECT (DVD-54:44)

Lisa Gehlhausen informed the Board that at the July meeting there was a pay application #3 presented for payment for the Northside Sewer Project. The payment application stated that there was a remaining balance of \$37,240.86 as a retainage balance, but no retainage has been released. The correct amount should have been \$48,058.86. The request for payment by the contractor was \$133,514.50, but should have been \$122,696.50.

Chad Hurm, City Engineer, has been working with the contractor to get a new revised payment application, therefore the Board needs to recommend approving the revised payment application #3. This payment is still under original contracted amount. There should be one or two more payment applications. The total amount paid toward the project at this time is \$701,986.14.

Greg Krodel made a motion to approve revised payment application #3 in the amount of \$122,696.50. Doug Schulte seconded the motion. Motion approved, 6-0.

ATRAZINE LITIGATION (DVD-1:02:40)

Bill Kaiser informed the Board regarding the atrazine litigation. The City has been a plaintiff in a nationwide case involving atrazine. The City has to remove the atrazine that comes from Patoka River into the City's drinking water supply to meet EPA standards. The City has always met these standards thru their filtration system.

Mike Oeding and Tim Doersam, along with water employees, have spent a lot of time gathering water samples to be tested and submitted for the atrazine litigation. Once the settlement has been made in the class action lawsuit, approximately 2,000 places could receive payout. Chairman Schuetter commended Mike Oeding and Water Utility employees for all the work they have done testing water samples and putting information together for the law suit.

DISCUSSION ON WATER EMERGENCY DECLARATION (DVD-1:06:30)

Mike Oeding asked the Board to consider moving the Water Emergency Declaration to a voluntary status verses the mandatory status which the City is under. Oeding stated that the mandatory status has not presented any problems, and usage has dropped considerably. The recent rainfall has not helped the river levels. The City is still asking Patoka Lake to discharge 5cfs more than normal, which is 25cfs. The State is still under a 10% reduction mandate, and the City is still in the exceptional drought area. The City is well under the 10% State mandate. The Board discussed minimizing restrictions on the weekends.

Mayor Seitz stated that he thinks the water emergency declaration should remain mandatory since the City is asking Patoka Lake to continue the additional 5cfs. When the City can go back to 20cfs from Patoka Lake, the time for a voluntary declaration will be considered.

GAS PLANNING COMMITTEE REPORT (DVD-1:18:31)

Greg Krodel, Chairman of the Gas Planning Committee, stated the committee did not meet during the past month.

WATER PLANNING COMMITTEE REPORT (DVD-1:18:39)

Doug Schulte, Chairman of the Water Planning Committee, stated the committee met on August 13, 2012. The Committee discussed the EDA grant application and moving forward, which was discussed earlier in the meeting by Lisa Gehlhausen. The only drawback with applying for the EDA grant was pushing the project back 5 to 6 months, which affected the paving part of the project. The Street Department is fine with the paving timeline.

Bud Hauersperger received a rate study proposal from Umbaugh for \$12,500, which is the same amount as charged in 2009. This rate study would include the costs for the Beaver Lake Dam Project and the 3rd Avenue Project. The Board will need to approve doing the rate study with Umbaugh.

Greg Krodel made a motion to approve the rate study for the Water Department by Umbaugh and Associates in the amount of \$12,500. Alex Emmons seconded the motion. Motion approved, 6-0.

PERMISSION TO ACCEPT QUOTE TO INSPECT BAR SCREEN (DVD-1:23:33)

Ed Hollinden presented a service agreement from Infilco to inspect a bar screen at the Wastewater plant in the amount of \$4,863. Hollinden plans to change the size of the bar screen next year from 3/4" to 3/8" and have the costs added into the 2013 capital expenditure plan. Hollinden stated that now is a good time to inspect the screen, in case there are other problems found that need to be repaired.

Hollinden did state that the \$4,863 is an estimated amount. The rate is \$1,250 per day for time spent on site, and traveling and lodging expenses will be billed at cost. City Attorney, Renee Kabrick, stated that the terms in the agreement are different than normal. Infilco will have to agree on our standard terms. The Board decided to discuss the agreement at the upcoming Special Meeting.

WASTEWATER PLANNING COMMITTEE REPORT (DVD-1:29:49)

Alex Emmons, Chairman of the Wastewater Planning Committee, stated the Committee did not meet during the past month.

HOMESERVE (DVD-1:29:56)

Bud Hauersperger informed the Board that the Mayor's office received a letter today from HomeServe, a water service line insurance company, regarding selling insurance for your home water lines from tap to house, which the City doesn't cover. Hauersperger wanted to ensure the public that the City is not involved with this company at all and the City does not endorse this

insurance. If anyone is considering doing business with this company, they should review the exclusions carefully and read the fine print before signing anything.

FINANCE COMMITTEE REPORT (DVD-1:32:43)

Mike Harder reported the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Alex Emmons made a motion to approve the claims as presented. Doug Schulte seconded the motion. Motion approved, 6-0.

PETITION FOR APPROVAL OF RATE & CHARGE DIFFERENTIAL OUTSIDE CITY LIMITS (DVD-1:33:13)

Renee Kabrick , City Attorney, presented resolution USB 2012-14 to the Board authorizing the submittal of a petition to the Indiana Regulatory Commission for approval of a rate and charge differential. Kabrick explained that the City has different rates that are charged for water and wastewater customers living in the city limits and outside the city limits. A House Bill was passed in March of this year limiting the amount of differential rates charged. The City is in a grandfather situation charging a difference of 25%, therefore the City can file a petition to get approval from the IURC to charge the current 25% rate differential.

Doug Schulte made a motion to approve Resolution USB 2012-14 and to give City Attorney, Renee Kabrick, permission to file a petition with the IURC for approval of the rate & charge differential outside the city limits. Mike Harder seconded the motion. Motion approved, 6-0.

There being no further business to come before the Board, the meeting was adjourned at 8:36PM upon motion by Alex Emmons and second by Mike Harder. Motion approved, 6-0.

The minutes were hereby approved_____ with ____X____without corrections this _____ day of _____, 2012.

Attest: _____
Secretary Chairman